

DECENTRALIZATION OF THE FORESTRY SECTOR

INDONESIA'S EXPERIENCE

The Ministry of Forestry
The Republic of Indonesia

INTRODUCTION

- Indonesia is in the process of decentralization.
- Decentralization is based on Act No. 22 of 1999 concerning Local Government that officially went into effect on January 1, 2001.
- A more specific Act No. 41 of 1999 concerning Forestry was also passed.
- The implementation of these two Acts, however, has created some problems for the parties responsible for managing forests.

DECENTRALIZATION IN THE FORESTRY SECTOR

- Decentralization shall not a straightforward process (*initiation, installation, consolidation and stabilization*).
- The success of decentralization depends on the availability of proper institutions and qualified human resources and other supporting factors with intensive communication, coordination and collaboration among the parties.
- Administrative boundaries should not be a barrier as forests have significant benefits to regional, national and international development.

DECENTRALIZATION IN THE FORESTRY SECTOR

ACTS AND REGULATIONS

- A synergistic approach to the two Acts is the most important thing to be discussed.
- As part of the forest management system, an authority in issuing forest utilization licenses has become a focus in decentralization disputes.
- In order to achieve better coordination, a clear division of roles and responsibilities between central, province and district/city governments is crucial.

DECENTRALIZATION IN THE FORESTRY SECTOR

TENURE CONFLICTS

- Some "Adat" communities claim that lands, including forestlands, should be owned and approved based on their historical background of forest occupation.
- In order to avoid further degradation and fragmentation on forestlands and resources, the communities are being involved in all forestry development and granted the rights to manage the forests.
- The policy on forestland aimed at land ownership will not always ensure that the community can increase its long-term income

DECENTRALIZATION IN THE FORESTRY SECTOR

FINANCIAL ARRANGEMENTS

- District revenue comprises: *a) Locally generated revenue; b) Balance of central government transfers; c) Loans, and d) Other sources.*
- Revenues collected from natural resources (incl. forestry) will be divided: 80% for the respective regions (provinces and districts/city) and 20% for the central government.
- The Reforestation Fee is a scheme of budgeting collected from concession holders as non-tax revenues for the purposes of reforestation and rehabilitation and some supporting activities.

DECENTRALIZATION IN THE FORESTRY SECTOR

FIVE PRIORITY POLICIES

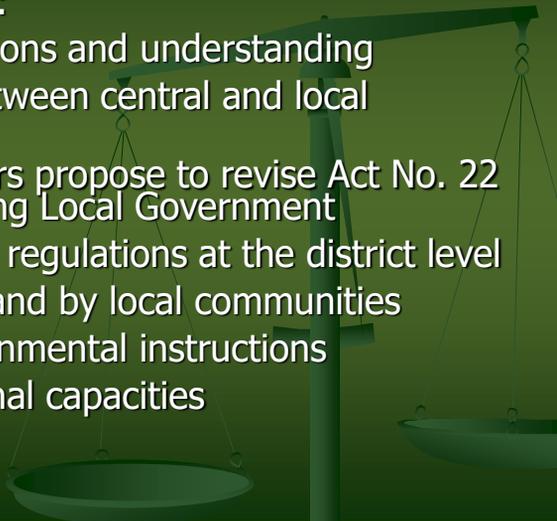
- Considering the current complex problems, the Ministry of Forestry launched “Five Priority Policies” for immediate action, namely:
 1. Combating Illegal Logging;
 2. Controlling Forest and Land Fires;
 3. Restructuring of the forestry sector;
 4. Rehabilitation and Conservation;
 5. Strengthening the process of Decentralization

CONSTRAINTS AND STRATEGY

CONSTRAINTS AND NEW STRATEGIES

- Decentralization process involved conflict among parties due to the complexity of problems and the time required for clear understanding of the forest management.
- Accumulations of problems and constraints in implementing decentralization in the forestry sector have been shown by obvious forest degradation.

CONSTRAINTS AND STRATEGY



The main handicaps:

1. Different perceptions and understanding
2. The hierarchy between central and local governments
3. Some stakeholders propose to revise Act No. 22 of 1999 concerning Local Government
4. local government regulations at the district level
5. Claims on forestland by local communities
6. incomplete governmental instructions
7. Limited institutional capacities

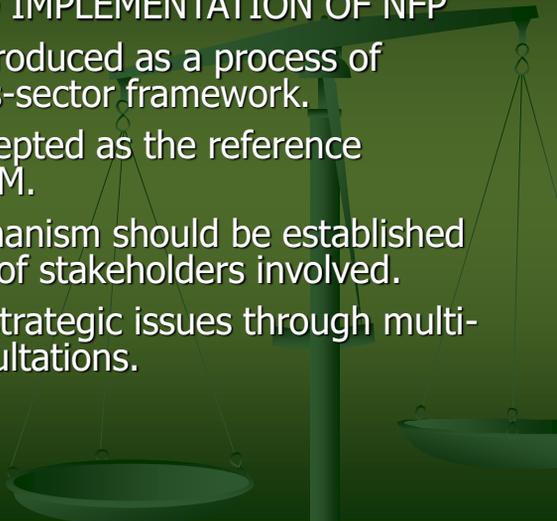
CONSTRAINTS AND STRATEGY



STRATEGY

1. To implement National Development Program and Annual Development Plan
2. To implement national forest program.
3. To draft relevant government regulations as an elaboration of Forestry Act No. 41 of 1999
4. To develop criteria and indicators for sustainable forest management (SFM)
5. To build a positive image in forestry
6. To build good co-operation with donors
7. To enforce the forestry and other relevant Laws

CONSTRAINTS AND STRATEGY



DEVELOPMENT AND IMPLEMENTATION OF NFP

- NFP has been introduced as a process of establishing cross-sector framework.
- The NFP was accepted as the reference framework for SFM.
- Appropriate mechanism should be established including liability of stakeholders involved.
- Identification of strategic issues through multi-stakeholder consultations.

CONSTRAINTS AND STRATEGY



- The need for a benefit sharing mechanism among stakeholders.
- NFP could be an instrument to build common understanding and to develop coordination.
- Open mindedness and transparency are needed to implement decentralization successfully.

CLOSING

- Proper dialogue and capacity building are required.
- Preparation of policy and regulations as well as guidelines, criteria, and indicators need to be accelerated.
- Consultation with local stakeholders and campaign on the importance of forests for present and future generations.
- Learning from catastrophes that have happened in several places.



THANK YOU